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MEMORANDUM

March 16, 2015

TO: Capital Development Committee

FROM: Kori Donaldson, Principal Research Analyst, 303-866-4976

SUBJECT: Budget Amendment 6, DTRS Tower

Summary

The Governor's Office of Information Technology (OIT), at the direction of the Joint Budget Committee, has submitted a real property transaction to the CDC for review. OIT proposes to acquire fee simple title to nine acres of real property owned by the Colorado Department of Transportation (CDOT) at 1420 2nd Street in Greeley. The property title will be held by the Department of Personnel and Administration (DPA) on behalf of OIT, and the property will be operated and maintained by OIT.

CDOT is relocating its Region 4 transportation headquarters later this year to a new facility in west Greeley. The Region 4 headquarters is currently located on a nine-acre parcel at 1420 2nd Street in Greeley. The parcel also houses various equipment and functions associated with the state's Digital Trunked Radio System (DTRS), the statewide public safety, two-way radio communication system operated by OIT. Specifically, the site hosts a DTRS tower and an installation, repair, and maintenance shop used by the region's technical staff. According to OIT, the site serves as a major hub for fiber and microwave connectivity for DTRS sites in northeastern Colorado.

CDOT has requested that OIT relocate its operations and equipment in order to facilitate the sale of the parcel to a land development company. In lieu of relocating, OIT proposes to acquire the property in order to maintain its on-site operations. OIT says that the loss or interruption of tower service at the site would result in lost network coverage in the Greeley area and negative repercussions for the overall operability of the DTRS. The DTRS tower is located near the geographic center of the property. OIT indicates that the existing tower is in poor condition and will need to be replaced in the near future.

Background

The DTRS is used by state and local government agencies and local sheriffs for day-to-day communications and to improve interagency cooperation and coordination in first-responder

situations. According to OIT, about 1,000 local, state, and federal government agencies currently use the DTRS. The system processes about 91 million transmissions a year. The primary stakeholders of the DTRS include the Departments of Corrections, Natural Resources, Public Safety, and Transportation, local government public safety entities, and several federal agencies. An agency may opt to use the DTRS as its primary radio system or for interoperability only, especially during first responder situations.

Statutory Requirements

State law requires the executive director of DPA to submit a report to the CDC prior to the acquisition of fee simple title to any real property for current or future use by the state. The CDC must review the report and provide recommendations to the executive director. The report must include the following information about the property:

1. the anticipated use of the property;
2. the maintenance costs related to the property;
3. the current value of the property;
4. any conditions or limitations that may restrict the use of the property; and
5. any potential liability to the state which will result from the acquisition.

Proposed Fee Title Acquisition

OIT provided the following information about the proposed acquisition:

1. The property will continue to be used as the site of a DTRS tower and shop. OIT will offer any unused property to other state agencies or for sale or development.
2. Maintenance costs for the operations on the site are already included in OIT's operating budget and are not anticipated to increase.
3. The estimated appraised market value of the property is between \$1.2 and \$1.5 million.
4. There are no known conditions or limitations that will restrict the use of the property.
5. OIT identified liabilities associated with removal of the existing tower structure. No liabilities were identified associated with the proposed property acquisition. OIT's current use of the property will not change under the acquisition.

Action Required by the CDC

The CDC must review the report and provide recommendations to the executive director. A letter with the CDC's recommendations will be drafted and sent to the executive director. In addition, the JBC forwarded an operating budget amendment concerning the proposed real property transaction to the CDC for consideration (see Attachment A). A suggested motion based on the OIT request and two alternate motions are listed below.

Suggested motion (based on OIT request). Recommend to DPA approval of the proposed fee title acquisition of nine acres at a cost of \$1.5 million. Further, recommend to the JBC that it include funding for the acquisition in the 2015 Long Bill.

Note: This option assumes that OIT will either sell or transfer to another state agency part of the property at a later date.

Suggested alternate motion #1 (based on the project alternative identified in OIT submittal documents and information in the JBC staff briefing document). Recommend to DPA that it purchase, on behalf of OIT, 22,800 square feet in the northwest corner of the nine-acre parcel, including an existing building, for \$400,000. Further, recommend to the JBC that it include funding for the acquisition and for the construction of a new tower in the 2015 Long Bill (a total cost of \$1,843,283, including \$400,000 for the property acquisition and \$1,443,283 for the construction of a new tower).

Note 1: This option allows OIT to construct a new tower before dismantling the existing tower.

Note 2: The CDC could also recommend legislation requiring CDOT to transfer part of the property to OIT. An appropriation of \$1.4 million would still be required to construct a new tower on the northwest corner of the property.

Suggested alternate motion #2 (based on information included in the JBC staff briefing document). Do not recommend the acquisition to DPA. Rather, recommend to the JBC that it fund the construction of a new tower on the site of the new CDOT Region 4 headquarters in west Greeley. An appropriation of \$1.4 million would be required to construct a new tower.

Note: It is not known whether this is a viable option and whether a tower can be constructed on the site of the new Region 4 headquarters. Should the committee wish to recommend this project alternative, CDC staff recommends that it question OIT representatives about the feasibility of locating the tower on the site of the new CDOT Region 4 headquarters.